

STATE OF UTAH

# Comprehensive Annual Financial Report



FOR THE FISCAL YEAR ENDED JUNE 30, 2000



**STATE OF UTAH**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

---

**CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH**

Michael O. Leavitt.....Governor  
Olene S. Walker .....Lt. Governor  
Auston G. Johnson, CPA.....State Auditor  
Edward T. Alter, CPA .....State Treasurer  
Jan Graham.....Attorney General  
Lyle W. Hillyard.....President of the Senate  
Martin R. Stephens.....Speaker of the House  
Richard C. Howe.....Chief Justice, Supreme Court

**OTHER STATE OFFICIALS**

Raylene G. Ireland.....Executive Director, Dept. of Administrative Services  
Kim S. Thorne, CPA .....Director, Division of Finance  
Lynne N. Ward, CPA .....Director, Office of Planning and Budget  
John E. Massey.....Legislative Fiscal Analyst  
Wayne L. Welsh, CPA .....Legislative Auditor General  
Richard V. Strong.....Director, Legislative Research and General Counsel

**ACKNOWLEDGMENTS**

Report prepared by:  
Division of Finance, Accounting Standards and Financial Reporting Section  
Lynn H. Vellinga, CPA  
Eugene F. Baird  
Lynn G. Bodrero, CPA  
David N. Byg  
Katherine G. Havell  
Marcie Handy, CPA  
Lynda B. McLane, CPA  
Deborah S. Memmott  
Ellen D. Morris  
Dan D. Olsen, CPA  
David H. Pierce, CPA  
Allen H. Rollo

Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



**STATE OF UTAH**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**Table of Contents**

---

**INTRODUCTORY SECTION**

	Page
Title Page – Acknowledgments.....	i
Table of Contents.....	ii
Director of Finance – Letter of Transmittal.....	v
Certificate of Achievement for Excellence in Financial Reporting.....	xiv
Financial Highlights.....	1
State Organization Chart.....	6

**FINANCIAL SECTION**

Independent State Auditor’s Report.....	7
---	---

**General Purpose Financial Statements**

Combined Balance Sheet – All Fund Types, Account Groups, and Discretely Presented Component Units .....	10
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds.....	12
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – General Fund, Special Revenue Funds, and Debt Service Fund .....	14
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances – All Proprietary Fund Types, Nonexpendable Trust Fund, and Discretely Presented Component Units .....	16
Combined Statement of Cash Flows – All Proprietary Fund Types, Nonexpendable Trust Fund, and Discretely Presented Component Units .....	18
Statement of Changes in Net Assets – Defined Benefit Pension Plans, Other Pension Trust Funds, and Investment Trust Fund .....	22
Combined Statement of Changes in Fund Balances – Component Units – College and University Funds .....	24
Combined Statement of Current Funds Revenues, Expenditures, and Other Changes – Component Units – College and University Funds .....	25
Notes to the Combined Financial Statements.....	27

**COMBINING, INDIVIDUAL FUND, AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES**

**General Fund:**

Comparative Balance Sheet.....	82
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance.....	83
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	84
Schedule of Expenditures – Detail – Budget and Actual .....	86
Schedule of Expenditures by Type.....	102

**Special Revenue Funds:**

Combining Balance Sheet .....	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	106
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Uniform School Fund.....	109
Schedule of Expenditures – Detail – Budget and Actual – Uniform School Fund.....	110
Schedule of Expenditures by Type – Uniform School Fund.....	112
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Transportation Fund .....	113
Schedule of Expenditures – Detail – Budget and Actual – Transportation Fund .....	114

---

**Special Revenue Funds (continued):**

Schedule of Expenditures by Type – Transportation Fund.....	116
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Centennial Highway Fund.....	117
Schedule of Expenditures – Detail – Budget and Actual – Centennial Highway Fund .....	118
Schedule of Expenditures by Type – Centennial Highway Fund.....	120
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sports Authority Fund.....	121
Schedule of Expenditures – Detail – Budget and Actual – Sports Authority Fund .....	122
Schedule of Expenditures by Type – Sports Authority Fund.....	124
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – State Capitol Fund .....	125
Schedule of Expenditures – Detail – Budget and Actual – State Capitol Fund .....	126
Schedule of Expenditures by Type – State Capitol Fund .....	128
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Consumer Education Fund.....	129
Schedule of Expenditures – Detail – Budget and Actual – Consumer Education Fund .....	130
Schedule of Expenditures by Type – Consumer Education Fund.....	132
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Rural Development Fund .....	133
Schedule of Expenditures – Detail – Budget and Actual – Rural Development Fund.....	134
Schedule of Expenditures by Type – Rural Development Fund .....	136

**Capital Projects Fund:**

Comparative Balance Sheet .....	138
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance .....	139

**Debt Service Fund:**

Comparative Balance Sheet .....	142
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance .....	143
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	144

**Enterprise Funds:**

Combining Balance Sheet.....	146
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings .....	148
Combining Statement of Cash Flows .....	150

**Internal Service Funds:**

Combining Balance Sheet.....	156
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings .....	158
Combining Statement of Cash Flows .....	160

**Trust and Agency Funds:**

Combining Balance Sheet.....	166
Combining Statement of Plan Net Assets – Defined Benefit Pension Plans and Other Pension Trust Funds. ....	168

---

<b>Trust and Agency Funds (continued):</b>	
Combining Balance Sheet – Expendable Trust Funds .....	170
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Expendable Trust Funds.....	171
Combining Statement of Changes in Assets and Liabilities – All Agency Funds .....	172
<b>General Fixed Assets Account Group:</b>	
Schedule of General Fixed Assets by Function and Activity .....	176
Schedule of Changes in General Fixed Assets by Function and Activity.....	177
<b>Component Units:</b>	
Combining Balance Sheet – College and University Funds.....	180
Combining Statement of Changes in Fund Balances – College and University Funds .....	182
Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Unrestricted – College and University Funds.....	184
Combining Statement of Current Funds Revenues, Expenditures, and Other Changes – Restricted – College and University Funds .....	186
Combining Balance Sheet – Proprietary Funds.....	188
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings – Proprietary Funds .....	190
Combining Statement of Cash Flows – Proprietary Funds.....	192
<b>STATISTICAL SECTION</b>	
General Governmental Expenditures and Other Uses by Function – For the Last Ten Fiscal Years .....	198
General Governmental Revenues and Other Financing Sources by Source – For the Last Ten Fiscal Years .....	199
General Obligation Bonds.....	200
Ratio of Net General Bonded Debt to Fair Market Value and Net Bonded Debt Per Capita – For the Last Ten Fiscal Years .....	200
Calculation of Legal Debt Limits – For the Last Ten Fiscal Years .....	201
Statutory Debt Limit.....	201
General Obligation Bonded Debt Per Capita – For the Last Ten Fiscal Years.....	201
Ratio of Debt Service Expenditures to General and to All Governmental Fund Type Expenditures – For the Last Ten Fiscal Years .....	202
Enterprise Funds Revenue Bond Coverage – For the Last Ten Fiscal Years .....	202
Revenue Bonds .....	203
Population .....	208
Taxable Retail Sales and Personal Income.....	208
Personal Income by Sector – For the Last Five Calendar Years .....	209
Composition of Labor Force – Average Annual – For the Last Five Calendar Years .....	210
Average Annual Unemployment Rate – For the Last Five Calendar Years .....	210
Gross Taxable Retail Sales and Use Tax Purchases – For the Last Five Calendar Years.....	211
Bank Deposits – For the Last Ten Fiscal Years .....	211
Largest Employers.....	212
Graph of Revenues and Expenditures – All Governmental Fund Types – For the Last Five Fiscal Years .....	213
Graph of Expenditures – Historical and Constant Dollars – All Governmental Fund Types – For the Last Five Fiscal Years .....	214
Graph of Per Capita Expenditures – Historical and Constant Dollars – All Governmental Fund Types – For the Last Five Fiscal Years .....	215



Michael O. Leavitt  
Governor  
Raylene G. Ireland  
Executive Director  
Kim S. Thorne, CPA  
Director

# State of Utah

Department of Administrative Services  
Division of Finance

2110 State Office Building  
Salt Lake City, Utah 84114  
(801) 538-3020

November 14, 2000

To the Citizens, Governor,  
and Members of the Legislature  
of the State of Utah:

It is our pleasure to present the 2000 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code Annotated, 1953*, as amended. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects. We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains a list of principal officials, this transmittal letter, the state organization chart, and graphic presentations which provide an overview of state operations. Included in the Financial Section are the general purpose financial statements and footnotes; the individual, combining, and account group financial statements; as well as the State Auditor's report. A history of selected financial and demographic information is in the Statistical Section.

Federal regulations require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. Information relating to the Single Audit, including the schedule of expenditures of federal awards, audit findings, summary of prior audit findings and recommendations, and the State Auditor's report, is issued in a separate report and will be available at a later date.

This report includes all funds and account groups of the State of Utah. Within the funds are the various departments, agencies, and other organizational units governed by the State Legislature and/or the constitutional officers of the State of Utah. In addition to general government activities, we have included component unit entities which are financially accountable to the State, or for which the nature and significance of their relationship with the State are such that exclusion would cause this report to be misleading or incomplete. The criteria used to determine if a particular entity is financially accountable are: (1) a state official appoints a voting majority of the entity's governing body; and (2) the State has the ability to impose its will on that entity, or the entity has the potential to provide specific financial benefits to, or impose specific financial burdens on, the State. The component units and other entities that are a part of this report include, but are not limited to, the Utah State Retirement Systems, Unemployment Compensation Trust Fund, Workers' Compensation Fund, Utah Housing Finance Agency, Alcoholic Beverage Control Commission, Board of Regents Student Assistance Programs, and State Colleges and Universities.

## ECONOMIC OUTLOOK

For more than a decade Utah's economy has seen remarkable growth. Since 1988, annual job growth rates have been 2.4 percent or better, peaking at 6.2 percent in 1994. Since 1993, the unemployment rate has been below 4 percent, reaching a low of 3.1 percent in 1997. As we enter a new decade, Utah's economy shows signs of more modest but still healthy expansion. Job growth is projected to be 2.6 percent for 2000 and 2.8 percent for 2001. Unemployment rates are expected to be 3.3 percent and 3.5 percent for the same years, respectively. The transition from boom conditions to more sustainable rates of growth has occurred without severe disruptions in government services as revenues continue to meet expenditure levels and even provide modest surpluses.

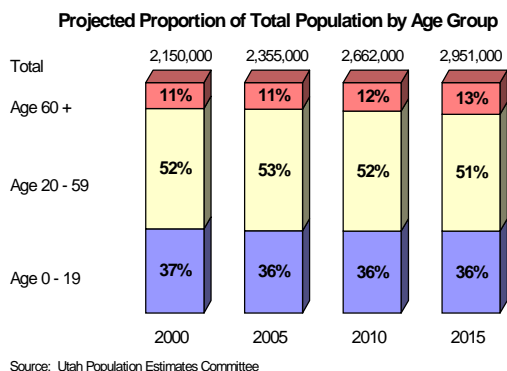
**Industry Outlook.** The service industries remain the largest source of new jobs in the State. From September 1999 to September 2000, services created 11,400 new jobs, a growth of 3.8 percent. While the computer services sector drives this expansion at a rate of 12 percent, business, health, legal, and other services have grown at slower rates of 2 percent or less.

The State's construction boom has lasted nearly twelve years and has contributed to much of the economy's expansion. During 2000, however, job growth in construction slowed markedly as higher interest rates have tempered the demand for new homes, and several large construction projects have been or are nearly completed. Some of these projects include the Utah Olympic Park in Park City, the Olympic skating facilities in Kearns and Provo, the LDS Conference Center, the Marriott City Center Hotel, student housing at the University of Utah, reconstruction of I-15 and I-80, and light rail in Salt Lake County. Construction of new homes, highways, and other facilities in anticipation of the 2002 Olympic Winter Games is expected to taper off in the next year.

Utah's diverse geography drives the tourism industry. The State has some of the best snow skiing conditions in the world. There are five national parks, seven national monuments, seven national forests, and two national recreational areas. These nationally designated attractions are complemented by 45 state parks featuring scenery, recreation, and history. In addition, millions of acres of Bureau of Land Management administered deserts and rangelands contribute greatly to Utah's scenic landscape. The beauty of the land, combined with the exceptional business climate, helps to draw over 18 million trips by visitors to the State each year. Tourism contributes an estimated \$4.2 billion to the State's economy and creates direct and indirect employment for 119,000 individuals.

Not all areas of Utah have shared in the prosperity. Eastern Utah counties have historically relied on the extraction of minerals as an economic base, but depressed prices for such materials have kept the industry from expanding in the region. A tragic mine fire near Price forced the layoff of over 300 coal miners this summer, causing total mining employment to fall to nearly the lowest level the State has seen since 1939. Tourism jobs have replaced mining jobs in some areas, but the eastern region has the slowest job growth and the highest unemployment in Utah. Central Utah also lags behind the rest of the State economically as agricultural production continues to decline. Still, the State's economy as a whole is expected to remain strong over the next several years.

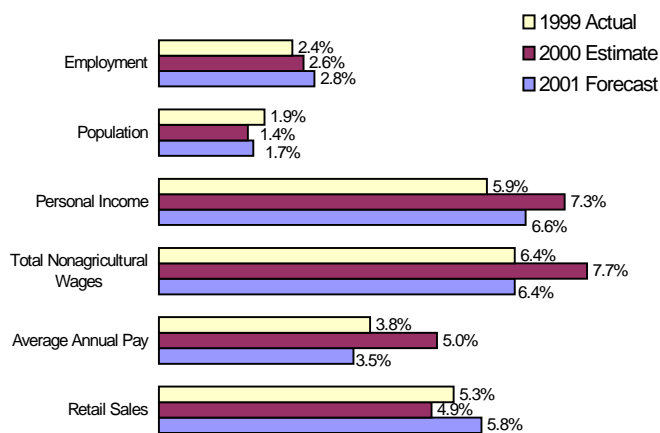
**Demographics.** Utah's demographics are unique. The State's population is younger in comparison to the populations of other states. Utah ranks first in the nation for the lowest median age and has the highest share of its total population in the preschool and school age groups. Additionally, the State has a young, energetic, and educated work force that has gained national recognition, making Utah an attractive site for business expansion and relocation.



Utah's population is concentrated along a 100 mile stretch at the base of the Wasatch Mountains where Salt Lake, Tooele, Weber, Davis, and Utah counties contain 78 percent of the State's 2,150,000 residents. For 2000, population growth will slow to 1.4 percent, compared to an average annual rate of 2.2 percent during the last ten years. Net immigration is estimated at only 500 people and is expected to remain at low levels for the next few years. Though population growth will slow for the State as a whole, certain regions will continue to expand quickly, and eight out of the ten fastest growing counties are not on the Wasatch Front. For example, population forecasts for the next decade estimate growth of 4 percent for Wasatch County and nearly 4.6 percent for Washington County.

It took 70 years for the State's population to reach one million, but only 30 more years to reach 2 million. Current projections show a population of 3 million in another 15 years, and the State could reach 5 million by the year 2050. This growth has had a significant impact on the State's resources and life styles, and future growth will bring challenges that must be faced and managed. Pressures created by growth include higher housing prices, labor shortages, and upward pressure on wages. In addition, growth strains such as traffic congestion, air quality, and water development require attention from state and local government leaders.

**Utah Economic Indicators**  
**Annual Percent Change**



Source: Council of Economic Advisors



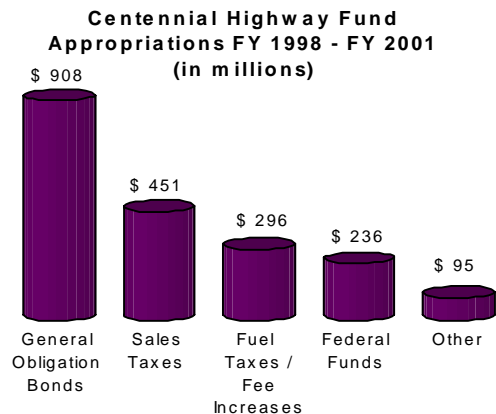
## MAJOR INITIATIVES

**Education.** Utah ranks first in the nation in the number of school age children as a percentage of the population, which means the State spends nearly 50 percent of its tax revenues for public education. For fiscal year 2000, the Legislature approved the Governor's new initiative for schools for the twenty-first century, including a three year pilot program of up to eight charter schools. The Legislature also approved a new \$5.5 million annual program to help all Utah children read at or above grade level by the end of the third grade. Included in these funds is a program to help students who have limited English proficiency. As a growing proportion of the state's school children deal with English as a second language, this effort becomes increasingly important. For fiscal year 2001 the Legislature provided \$3.8 million to build an accountability and assessment system that will give parents, teachers, principals, elected officials, and the general public information on the progress of their children and schools.

Annually, the State provides \$82.7 million for vocational and job training programs at state-run applied technology centers and local school districts. These programs attempt to meet the growing demand by both public school students and adults for specialized training in vocational, technical, and medical professions. Additionally, Custom Fit Training funds of \$4.4 million are supplemented with investments by new and growing enterprises to provide targeted training for those businesses' employees.

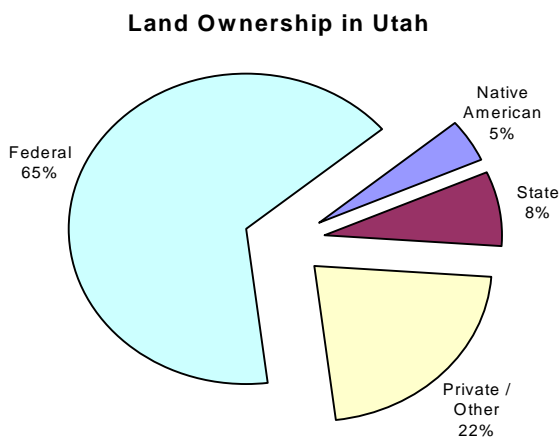
Since 1997, the Utah Education Network has received over \$57 million to develop and expand its technology systems. The most critical project recently has been to convert its two public television stations to digital transmission, as required by the Federal Communications Commission. By leveraging new technology, Utah will be able to provide more and better education to students in remote regions where learning opportunities have been limited because of the cost and distance from traditional education facilities.

**Transportation.** The I-15 reconstruction project is scheduled to be finished in July 2001 with a total cost of \$1.6 billion. The first phase of the Legacy Highway through Davis County is in the final planning stages, with construction expected to begin in early 2001 at a cost of roughly \$400 million. The Centennial Highway Fund was created to accumulate resources to fund these and 39 other highway projects. Funding will come from increased motor fuel taxes and vehicle registration fees, federal funds, sales tax revenues, and general obligation bonds. These Centennial Highway Fund projects are in addition to ongoing highway construction in the Transportation Fund.



Source: Governor's Office of Planning and Budget

The success of the Utah Transit Authority (UTA) north-south light rail service through Salt Lake County has prompted construction of an additional spur from Main Street to the University of Utah. Though not a state-funded enterprise, UTA works closely with state and local transportation planners to minimize congestion and maximize efficiency of highways and city streets along the Wasatch Front. In November 2000, voters in Weber, Davis, Salt Lake, and Utah counties will decide whether to increase the sales tax by a quarter percent to fund operations of a new UTA commuter rail from Ogden to Provo. As job growth is centered along the Wasatch Front, commuter transportation needs in this region will continue to be a major issue over the next decade. Government leaders must balance those needs with the impact on the state's environment and air quality.



Source: State and Institutional Trust Lands Administration

**Environment and Open Space.** Transportation plans must comply with federal air quality regulations designed to protect public health. The State may not use federal funds on any new transportation project that increases capacity if these plans fall out of compliance. The Division of Air Quality is in the process of gathering data and updating the air quality plans for counties along the Wasatch Front. The division hopes to have the new plans approved by May 2002.

In the past two years, the State has spent over \$2 million for mapping, documentation, legal research, and litigation of the small back roads throughout rural Utah that cross federal lands. These mapping and research projects are part of Utah's efforts to document areas of public land that may or may not qualify for federal designation as permanent wilderness areas. The State is currently negotiating with the federal government possible exchanges of land in Utah's west desert and other



rural areas. Any proceeds from such exchanges would be deposited into the State Trust Lands Permanent Fund to be used for public education.

As Utah's population grows, agricultural land surrounding metropolitan areas has given way to development of homes, apartments, business parks and shopping centers. To foster preservation of open space, the Legislature appropriates \$2.8 million to the LeRay McAllister Critical Land Conservation Fund each year. The Quality Growth Commission awards grants from this fund to local governments and private organizations to conserve critical parks, wildlife lands, agricultural lands, and wetlands as open space.

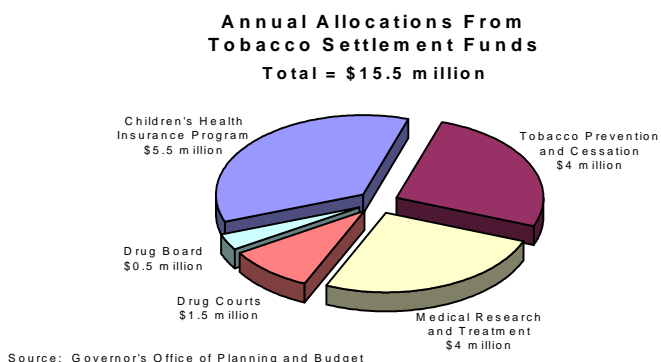
**Health and Human Services.** The Children's Health Insurance Program (CHIP) pays for medical costs of children who are not eligible for Medicaid and cannot afford medical insurance. Services provided include routine physicals, immunizations, vision and hearing screening, dental services, hospital and lab services, and prescription drugs. CHIP administrators estimate Utah has 30,000 children who qualify for these free services; to date, the program has enrolled over 19,000 children. The program receives \$22.5 million federal funds and \$5.5 million state funds annually. Until recently, the state portion of the cost was funded through the hospital assessment tax. This tax was eliminated effective July 2000, and state funding for CHIP now comes from tobacco settlement funds.

The Legislature has provided \$1.5 million annually from tobacco settlement proceeds to the Department of Human Services and Courts to expand the Drug Courts program statewide. In this program, a criminal drug offender is required to plead guilty, but instead of going to jail, the offender enrolls in a substance abuse treatment program and regularly reports his or her progress to a judge. If at any time the judge is unsatisfied with the offender's progress, the offender may be sent either temporarily or permanently to jail. Since the initial pilot program began three years ago in Salt Lake County, 93 percent of offenders who have completed the program have remained free of new drug charges. With increased funding, officials hope to see similar success throughout the State.

**Corrections.** The State recently canceled its plans to open a 500-bed privatized prison in Tooele County. A slower rate of inmate growth combined with unexpectedly higher costs made the project less critical and more expensive than originally planned. Instead, officials are looking to increase the number of beds contracted from county jails to fill some future needs. Favorable contract arrangements with counties make jail contracting an affordable alternative to building and operating State facilities. Currently the State maintains 17 to 20 percent of its inmate population in county jails.

By the end of 2002, the State will open 500 new prison beds for adult and youth offenders. The Department of Corrections is also exploring the possibility of purchasing the 500-bed Oxbow Jail from Salt Lake County. This facility would be used to house female inmates, which would free up another 400 beds for male offenders at the State Prison and in county jails. Funding for an increasing inmate population will continue to be a major focus for the State's policy makers.

**Tobacco Settlement Funds.** In fiscal year 2000, the State received \$27.7 million from the Master Settlement Agreement with major tobacco manufacturers signed by 46 states in November 1998. Utah statute requires one-half of all tobacco settlement revenues to be deposited into a permanent endowment fund where only 50 percent of interest earnings on the principal can be appropriated by the Legislature. State law allocates \$15.5 million annually from the other half of settlement funds for five major programs aimed at public health and substance abuse treatment. Any remaining tobacco settlement funds will be appropriated by future legislatures.



**Olympics.** Salt Lake City will be the host city for the 2002 Olympic Winter Games. Preparation for the Games began in 1989 when voters approved using sales taxes to build and operate the Utah Olympic Park and related Olympic facilities. In July 2000 the Park was sold to the Salt Lake Organizing Committee (SLOC) for \$59 million plus a \$40 million endowment that will assist in running the facilities after the Games. Full payment from SLOC is scheduled after the Olympics. Analysts estimate Utah has received and will continue to realize significant economic benefits from the Games between 1996 and 2002 including \$2.8 billion in additional sales, 23,000 job years of employment, \$972 million earnings for Utah workers, and a net increase of 50,000 visitors per day. State and local governments will likely be impacted with increased sales and income taxes and additional costs for public services required during the Games.

## FINANCIAL INFORMATION

**Internal Control.** The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of the safeguarding of assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

**Budgetary Control.** The State Constitution requires that budgeted expenditures cannot exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget to the Legislature. The Legislature authorizes expenditures in the annual state *Appropriations Acts*. The Acts also identify the sources of funding for budgeted expenditures. The budget is generally prepared on a basis consistent with generally accepted accounting principles (GAAP), except accounting for certain intrafund activity.

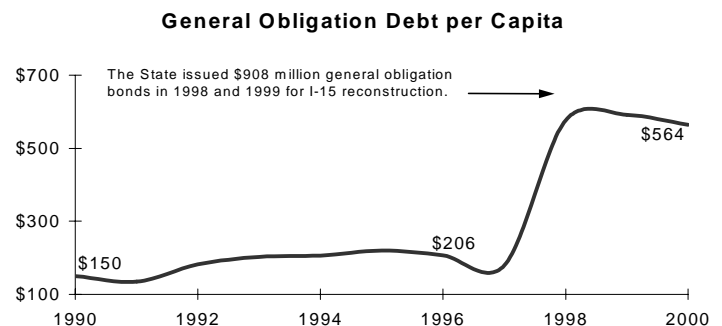
In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions. Adjustments to the budget may be made throughout the year for changes in departmental revenues or fund revenues so that departments and funds will not end the fiscal year in deficit positions.

The State also has an appropriation limitation statute that limits the growth in state appropriations in two ways. First, as population, personal income, and inflation increase, appropriations are allowed to increase only at the same relative rate. Second, the state-mandated property tax rate, which funds a portion of public education at the local level, is capped at the level established July 1, 1989.

The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority in both houses of the Legislature. Appropriations for construction of capital facilities and Centennial Highway projects, appropriations for debt service, and transfers to the Budgetary Reserve Account (Rainy Day Fund) are exempt from the appropriations limitation. Beginning in 2003, appropriations of unrestricted revenues to the Centennial Highway Fund will no longer be excluded from the appropriations limitation calculation.

For the fiscal year ended June 30, 2000, the State was \$252 million below the appropriations limitation. The State is currently below the fiscal year 2001 appropriations limitation by \$178 million.

**Debt Administration.** The Constitution limits outstanding state general obligation debt to 1.5 percent of the value of all taxable property in the State. State law also restricts outstanding state general obligation debt to no more than 20 percent of the appropriations limit. The Legislature has exempted \$908 million of general obligation highway bonds from the statutory debt limit. As of June 30, 2000, the State was \$456 million below the statutory debt limit and \$865 million below the debt limit established in the Constitution.



The State continues to enjoy a triple "A" rating on general obligation bonds and a double "A" rating on revenue-type bonds from Moody's Investors Service Inc., Standard & Poor's Corporation, and Fitch IBCA Inc. These are the best ratings available and save the State millions of dollars in interest on general obligation and revenue-type bonds. During fiscal year 2000, the State issued \$38 million in general obligation bonds and \$9.5 million in lease revenue bonds for construction and renovation of various capital facilities.

**Cash Management.** Cash is controlled by the State Treasurer or by other administrative bodies as specified by law. Investments are made in compliance with the State Money Management Act (*Utah Code Annotated, 1953*, as amended, Section 51-7). All cash deposited with the State Treasurer by state entities is managed in pooled investment funds to safeguard assets and to maximize interest earnings. The Treasurer invests the cash, including the cash float, in short-term securities and other investments such as certificates of deposit, obligations of the U.S. Treasury, commercial paper, and repurchase agreements. Certain investment pools may invest in corporate bonds and equity securities.

Deposits of \$4.3 million for the primary government and \$3.5 million for component units are insured by the Federal Deposit Insurance Corporation or by collateral held by the State's agent in the name of the State. The remaining deposits are uninsured and

uncollateralized. The State does not require collateral on deposits. However, the State Commissioner of Financial Institutions monitors financial institutions monthly and establishes limits for deposits of public money for each institution. The State Treasurer's pool yields were between 5.2 percent and 6.6 percent for fiscal year 2000. Variations in yield were usually due to the long-or short-term nature of the pools and to changing interest rates nationally.

**Risk Management.** The State is self-insured against certain property and liability claims. The Legislature established the Risk Management Fund to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to state departments, institutions of higher education, and local school districts.

The property self-insurance limits for fiscal year 2000 were \$1 million per claim, with an annual aggregate of \$2.5 million per policy year. Generally, claims over the self-insured limits are covered by policies with private insurance companies.

**General Governmental Functions.** General governmental functions are accounted for in the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the General Long-Term Obligation Account Group, and the General Fixed Assets Account Group.

Total revenue for general governmental functions totaled \$5.99 billion in 2000, an increase of 8.4 percent over 1999. This does not include bond proceeds, beginning fund balances, and other financing sources that are used to pay governmental fund expenditures. The amounts of revenue from various sources and the changes from last year are as follows:

**General Government Revenues**  
(Expressed in Thousands)

Revenue Source	Amount	Percent of Total	Increase / (Decrease) From 1999	
			Amount	Percent
Sales Tax .....	\$ 1,400,962	23.4%	\$ 49,630	3.7%
Individual Income Tax.....	1,654,949	27.6	191,052	13.1
Corporate Income Tax .....	186,936	3.1	(5,285)	(2.7)
Motor and Special Fuel Tax .....	314,164	5.2	15,774	5.3
Licenses, Permits, and Fees .....	92,300	1.5	4,452	5.1
Investment Income.....	55,804	1.0	(2,251)	(3.9)
Federal Revenues.....	1,575,608	26.3	32,422	2.1
Other Taxes and Revenue .....	713,499	11.9	176,573	32.9
Total .....	<u>\$ 5,994,222</u>	<u>100.0%</u>	<u>\$ 462,367</u>	8.4%

The growth in Sales Tax was the result of continued construction activity and strong consumer spending. Total permitted construction values were a record \$4 billion in both 1999 and 2000, and municipalities issued permits for 39,000 dwelling units during the same time frame. Retail sales increased 4.9 percent in Utah while inflation remained at 3.2 percent nationally. Estimates for 2001 predict continued growth for Utah but at a slower pace.

Estimated 2000 employment and personal income growth of 2.6 percent and 7.3 percent, respectively, and larger than normal capital gains resulted in higher Individual Income Taxes this year. Corporate profits are also growing in Utah; however, Corporate Income Tax collections fell for the second year in a row as Utah companies continue to receive large refunds.

Taxes collected on diesel fuel accounted for \$8.2 million of the increase in Motor and Special Fuel Taxes. This was a direct result of Utah's growing economy that has brought an increase in commercial traffic on the state's highways. Also, the state's growing population has put more vehicles on the road, and steady residential construction in suburban areas has increased the distance people must drive to and from work.

Investment Income decreased in the Centennial Highway Fund because payments for I-15 and other highway construction spent prior year bond proceeds and reduced the amount of funds available for investment. Cash and investment balances in the Centennial Highway Fund were \$142 million lower at the end of fiscal year 2000 than at the end of 1999. Investment earnings in the General Fund were actually \$6.6 million higher than 1999, a result of an increase in the average yield in the Treasurer's Investment Pool from 5.3 percent to 6.0 percent.

Other Taxes and Revenue received a one-time boost from three main sources. First, the State received an inheritance tax windfall of approximately \$65 million compared to total inheritance tax collections of only \$8 million in 1999. Second, the State received \$27.7 million in tobacco settlement payments. Finally, intergovernmental revenues increased \$38 million due to construction of higher education facilities funded from private donations and institutional funds. The remainder of the increase is a combination of smaller increases in various revenue sources, including an additional federal mineral lease payment from exchanged lands in southern Utah, higher oil severance and insurance premium tax collections, and an increase in the aviation fuel tax that became effective July 1999.

Total expenditures and other uses for general governmental functions totaled \$5.98 billion, an increase of only 1.4 percent over 1999. This does not include transfers made to other funds except General Fund appropriations transferred to the colleges and universities, which are included in the table below as higher education expenditures. State government expenditures and other uses by function and the changes from last year are as follows:

<b>General Government Expenditures</b> (Expressed in Thousands)				
<b>Function</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase / (Decrease) From 1999</b>	
			<b>Amount</b>	<b>Percent</b>
General Government .....	\$ 261,129	4.4%	\$ (5,412)	(2.0)%
Education:				
Public .....	1,824,307	30.5	45,353	2.5
Higher.....	531,364	8.9	23,474	4.6
Human Services, Workforce Services, Health, Environmental Quality, and Corrections .....	1,787,069	29.9	78,919	4.6
Transportation and Public Safety .....	1,004,284	16.8	(79,279)	(7.3)
Natural Resources .....	97,586	1.6	6,792	7.5
Community and Economic Development.....	77,305	1.3	1,703	2.3
Business, Labor, and Agriculture .....	46,555	0.8	2,081	4.7
Debt Service.....	158,274	2.6	4,734	3.1
Capital Projects.....	191,819	3.2	1,323	0.7
Total.....	<u>\$5,979,692</u>	<u>100.0%</u>	<u>\$ 79,688</u>	1.4%

General Government expenditures were lower than last year, mainly because the Tax Commission reduced spending on its tax system conversion project by over \$8 million while the agency tested the new motor vehicle tax collection system. This reduction in costs was offset by small increases in various other agencies.

Expenditures for Public and Higher Education are the largest use of state revenues. The increase of 2.5 percent for Public Education matches the 2.5 percent increase in the Weighted Pupil Unit (WPU) approved by the Legislature for fiscal year 2000. The WPU supports teacher salaries and other operation and maintenance costs of local school districts. Higher Education expenditures increased due to enrollment growth at four institutions, operations and maintenance costs of new buildings, equipment and digital television conversion costs for the Utah Education Network, and a 2.5 percent compensation package increase for faculty and staff. Also, Sevier Valley Applied Technology Center became Snow College South in 2000, which moved approximately \$4 million of expenditures from Public Education to Higher Education.

Increasing health care costs added \$50 million to Medicaid costs this year. Inflation and reductions in the federal matching rate continue to require a larger portion of state funds for this program. The Children's Health Insurance Program also saw an increase of \$9 million in expenditures as the program doubled enrollment. Finally, Corrections expanded its jail reimbursement and jail contracting programs by \$14 million to take advantage of available space in less expensive county jails.

Transportation expenditures decreased \$83 million from last year as the I-15 reconstruction project nears completion. The project is expected to be completed in July 2001. This decrease was offset by a small increase in Public Safety costs related to the addition of six new highway patrol troopers and a pay increase for all troopers designed to make state law enforcement salaries competitive with county and local law enforcement compensation.

Natural Resources expanded its facilities for boating and off-highway-vehicle enthusiasts and continued to make capital improvements to its campgrounds and other park facilities. Also, the Division of Forestry, Fire, and Lands received \$3 million in federal funds to purchase permanent conservation easements on private property as part of the division's Legacy Program. This program is designed to protect pristine land from future development.

**Fund Balances.** Each fund of the State maintains an equity position that is either restricted by state law, restricted by contract, or is unreserved and available for future appropriation. The equity positions of the State's major governmental funds are as follows:

- A. General Fund — Departments lapsed unexpended appropriations of \$2 million to the unreserved fund balance. The General Fund ended the year with an unreserved fund balance of \$25 million and a reserved and designated fund balance of \$622 million, including \$110 million designated for the Rainy Day Reserve Account.
- B. Special Revenue Funds — Major funds include the Uniform School Fund, the Transportation Fund, the Centennial Highway Fund, the State Capitol Fund, and the Sports Authority Fund.
  - The Uniform School Fund lapsed \$14 thousand of unexpended appropriations to the unreserved fund balance of the Uniform School Fund and ended the year with an \$88 million unreserved fund balance and a reserved and designated fund balance of \$200 million.
  - The Department of Transportation lapsed \$27 million of unexpended appropriations to the unreserved fund balance of the Transportation Fund. The Transportation Fund ended the year with an unreserved fund balance of \$64 million and a reserved and designated fund balance of \$32 million.
  - The Centennial Highway Fund had an unexpended fund balance of \$119 million that is restricted for use on Centennial Highway projects.
  - The State Capitol Fund was created in 1999 to account for revenues that are used to renovate the state capitol building and grounds. Fund balance is zero because revenues have equaled expenditures since the fund's inception.
  - The Sports Authority Fund was created in 1989 to account for sales tax revenue restricted for Winter Olympic facilities. The fund ended the year with a reserved fund balance of \$1 million and a designated fund balance of \$4 million.

**Compensated Absences and Postemployment Benefits.** In fiscal year 1994 Utah became the first state to recognize and fund its liabilities for compensated absences and postemployment benefits. The funding for the liability came from the acceleration of tax revenue recognition as a result of implementing new accounting standards. Compensated absences and postemployment benefits are also funded with an accrual of the federal receivable for the federal share of the liability. Ongoing funding is charged to agency budgets as benefits are earned. As of June 30, 2000, the liability for compensated absences and postemployment benefits was \$190 million in the General Fund, \$19 million in the Uniform School Fund, and \$39 million in the Transportation Fund. The unfunded portion of the liability totaling \$31 million is reported in the General Long-Term Obligation Account Group.

**Enterprise Funds.** The Enterprise Funds are comprised of governmental and quasi-governmental agencies providing goods and services to the public on a charge-for-services basis. The Student Assistance Programs are a major part of the Enterprise Funds. These programs issue their own debt, and their debt repayment is funded through loan service fees, interest earnings, and federal aid.

The Alcoholic Beverage Control Fund controls the sale of alcoholic beverages in the State, and the profits received from these sales are transferred to the General Fund. Net income from operations totaled \$29.2 million in fiscal year 2000, an increase of \$1.7 million, or 6.2 percent, from 1999. In addition, Sales Tax and School Lunch Tax collected on liquor sales were \$7.4 million and \$14.1 million, an increase of 9 percent from 1999.

**Internal Service Funds.** The Internal Service Funds provide services to state and local governments and are financed through user charges. Most funds attempt to operate on a break-even basis. Rates are adjusted annually for over or under recovery of cost. The State's self-insurance program, Risk Management, also operates as an Internal Service Fund. The Fund has sufficient current operating reserves and is funded for losses based on actuarial estimates.

**Pension Trust Fund.** Operations of the State Retirement Systems have continued with favorable results. The Fund is actuarially sound, and the funding levels are managed to provide participants a financially sound retirement system.

**Future Changes in Accounting Standards.** The Governmental Accounting Standards Board has issued new accounting and reporting standards that will be effective for fiscal years 2001 and 2002. These new standards will impact the State's revenue and expenditure recognition and change the way the State reports assets, liabilities and fund equity. The new standards will also require reformatting of the financial statements and restating of beginning balances. The State will not early implement the new standards due to the significance of the changes required.

## INDEPENDENT AUDIT

In compliance with state statute, an annual financial audit of the "State Entity" is completed each year by the Utah State Auditor's Office in conjunction with other audit firms. Their audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Their report on the general purpose financial statements has been included in the financial section of this report. In addition, the State coordinates through the State Auditor the "Single Audit" of all federal funds. The Single Audit will be issued as a separate report at a later date.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. This is the fifteenth year in a row the State has received this award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for only one year. We believe that this report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

## CONCLUSION

We hope this report provides data useful in evaluating the financial activity of the State of Utah. We express our appreciation to the budget and accounting officers throughout state government and to the State Auditor's Office for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

A handwritten signature in black ink, reading "Kim S. Thorne". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kim S. Thorne, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting


Presented to

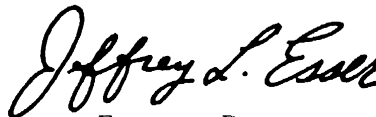
State of  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



  
President

  
Executive Director



# STATE OF UTAH

## FINANCIAL HIGHLIGHTS

### FUND EQUITY SUMMARY

#### GENERAL AND SPECIAL REVENUE FUNDS

June 30, 2000

(Expressed in Thousands)

	General Fund	Special Revenue Funds	Total
<b>Fund Equity Reserved</b>			
Nonlapsing Appropriations:			
Community and Economic Development .....	\$ 5,014	\$ —	\$ 5,014
Natural Resources – Parks and Recreation .....	9,937	—	9,937
Natural Resources – Except Parks .....	6,438	—	6,438
Legislature .....	2,624	—	2,624
Administrative Services .....	3,033	—	3,033
Public Safety .....	3,344	—	3,344
Environmental Quality .....	1,846	—	1,846
Governor's Office .....	1,373	—	1,373
Business, Labor, and Agriculture .....	8,698	—	8,698
Department of Corrections .....	4,235	—	4,235
Tax Commission .....	12,307	—	12,307
Department of Health .....	3,625	—	3,625
USF Minimum School Program .....	—	23,789	23,789
USF Office of Education .....	—	4,239	4,239
DOT Sidewalk Construction .....	—	1,280	1,280
Miscellaneous Other .....	2,379	3,472	5,851
Total Nonlapsing .....	64,853	32,780	97,633
<b>Restricted Fund Balances:</b>			
Water Pollution Loans .....	171,893	—	171,893
Safe Drinking Water Loans .....	49,410	—	49,410
Housing Development Loans .....	39,628	—	39,628
Tobacco Settlement Funds .....	27,577	—	27,577
Tax Commission – Administration .....	5,326	—	5,326
Oil Overcharge Account .....	10,183	—	10,183
Industrial Assistance .....	7,958	—	7,958
Medicaid Restricted .....	14,253	—	14,253
Employment Security Special Administration .....	7,042	—	7,042
Public Safety Accounts .....	3,996	—	3,996
Wildlife Resources Restricted .....	8,292	—	8,292
Nursing Facilities .....	2,904	—	2,904
Natural Resources – Except Wildlife .....	4,179	—	4,179
Corridor Preservation .....	—	11,820	11,820
USF School Building Loans .....	—	10,191	10,191
USF Applied Technology Centers .....	—	4,145	4,145
Centennial Highway Fund .....	—	119,056	119,056
Aeronautics .....	—	5,972	5,972
Reserve for Advances to Internal Service Funds .....	28,630	69	28,699
Miscellaneous Other .....	17,237	5,870	23,107
Total Restricted Funds .....	398,508	157,123	555,631
Total Fund Equity Reserved .....	463,361	189,903	653,264
<b>Unreserved Designated</b>			
Rainy Day Reserve Account .....	109,724	—	109,724
Net Accrued Taxes .....	—	150,756	150,756
For Fiscal Year 2001 Appropriations .....	48,498	15,817	64,315
<b>Unreserved Undesignated</b> .....	25,376	153,342	178,718
<b>Total Fund Equity</b> .....	<u>\$ 646,959</u>	<u>\$ 509,818</u>	<u>\$ 1,156,777</u>

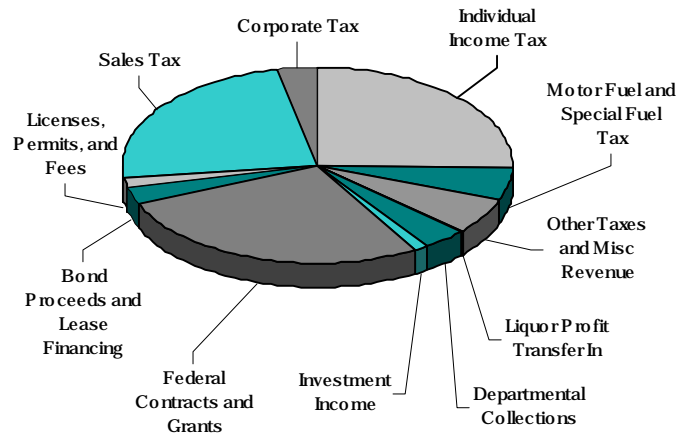
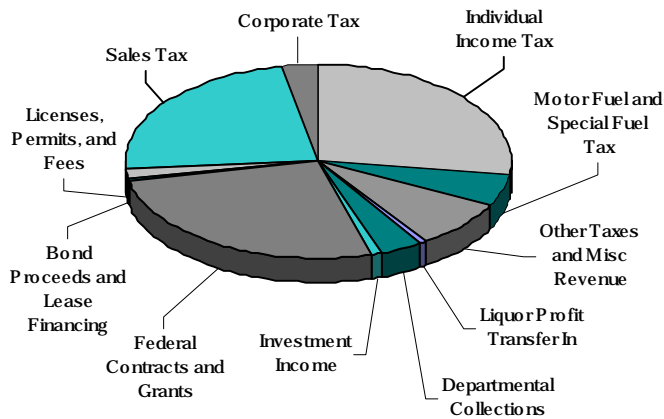
# STATE OF UTAH

## FINANCIAL HIGHLIGHTS

### REVENUES AND OTHER SOURCES

#### GOVERNMENTAL FUND TYPES ONLY

(Expressed in Thousands)



Revenues and Other Sources

Revenues and Other Sources	Fiscal Year Ended June 30			
	2000		1999	
	Amount	Percent of Total	Amount	Percent of Total
Sales Tax .....	\$ 1,400,962	23.1%	\$ 1,351,332	23.6%
Federal Contracts and Grants .....	1,575,608	26.0	1,543,186	26.9
Individual Income Tax .....	1,654,949	27.2	1,463,897	25.6
Other Taxes and Miscellaneous Revenue .....	495,878	8.2	330,506	5.8
Motor and Special Fuel Tax .....	314,164	5.2	298,390	5.2
Departmental Collections .....	217,621	3.6	206,420	3.6
Corporate Tax .....	186,936	3.1	192,221	3.4
Investment Income .....	55,804	0.9	58,055	1.0
Licenses, Permits, and Fees .....	92,300	1.5	87,848	1.5
Total Revenues .....	5,994,222	98.8	5,531,855	96.6
Other Sources (A):				
Liquor Profit Transfer In .....	28,659	0.5	26,959	0.5
Bond Proceeds and Lease Financing .....	45,165	0.7	168,244	2.9
Total Revenues and Other Sources .....	<u>\$ 6,068,046</u>	<u>100.0%</u>	<u>\$ 5,727,058</u>	<u>100.0%</u>

(A) Note: This does not include various Trust Fund and Internal Service Fund revenues which are reflected in the General Fund and Special Revenue Funds as transfers in.

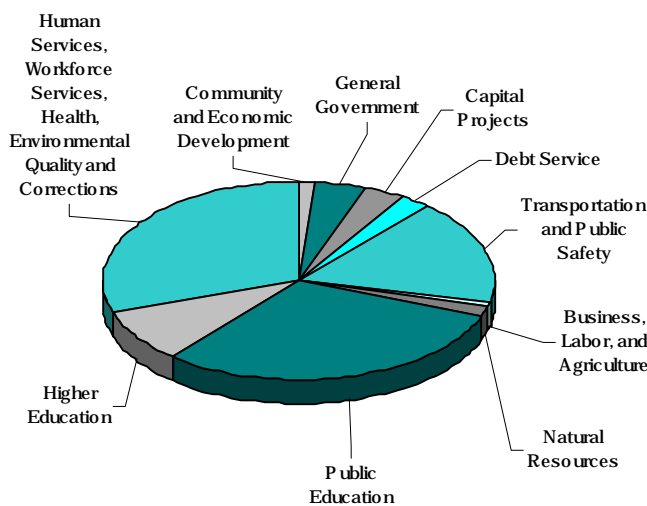
# STATE OF UTAH

## FINANCIAL HIGHLIGHTS

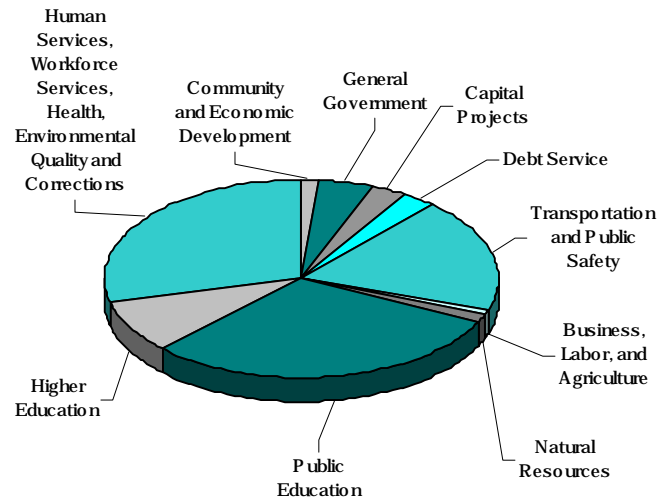
### EXPENDITURES BY FUNCTION

#### GOVERNMENTAL FUND TYPES ONLY

(Expressed in Thousands)



June 30, 2000



June 30, 1999

Expenditures by Function

Expenditures by Function	Fiscal Year Ended June 30			
	2000		1999	
	Amount	Percent of Total	Amount	Percent of Total
Education:				
Public .....	\$ 1,824,307	30.5%	\$ 1,778,954	30.1%
Higher.....	531,364	8.9	507,890	8.6
Human Services, Workforce Services, Health, Environmental Quality, and Corrections .....	1,787,069	29.9	1,708,150	29.0
Transportation and Public Safety .....	1,004,284	16.8	1,083,563	18.4
General Government.....	261,129	4.4	266,541	4.5
Debt Service .....	158,274	2.6	153,540	2.6
Capital Projects .....	191,819	3.2	190,496	3.2
Natural Resources.....	97,586	1.6	90,794	1.5
Community and Economic Development.....	77,305	1.3	75,602	1.3
Business, Labor, and Agriculture .....	46,555	0.8	44,474	0.8
Total Expenditures (A) .....	<u>\$ 5,979,692</u>	<u>100.0%</u>	<u>\$ 5,900,004</u>	<u>100.0%</u>

(A) Note: This does not include transfers made to other funds, except General Fund appropriations transferred to the colleges and universities which are included as higher education expenditures.

# STATE OF UTAH

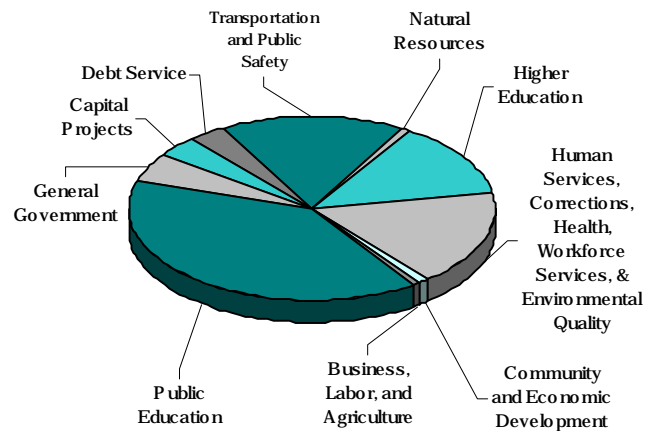
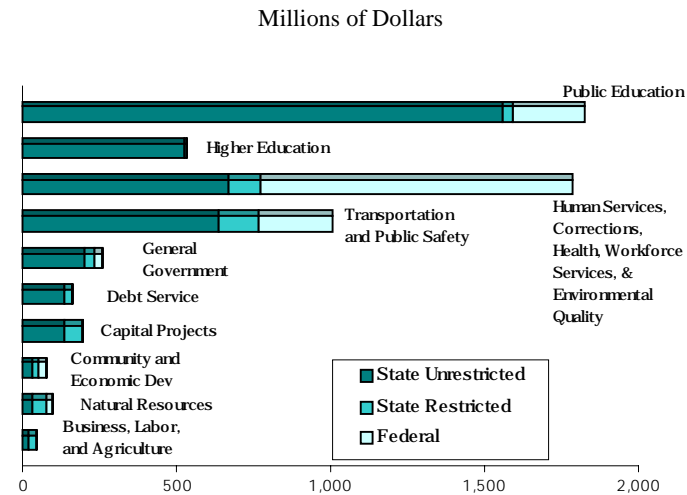
## FINANCIAL HIGHLIGHTS

### EXPENDITURES BY SOURCE

#### GOVERNMENTAL FUND TYPES ONLY

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)



Expenditures of Unrestricted State Tax Sources

Expenditures By Source 2000

	Federal Sources	Percent of Total	Unrestricted State Tax Sources	Percent of Total	Restricted Fees and Other Sources	Percent of Total	Total Expenditures All Sources	Percent of Total
Education: .....								
Public .....	\$ 235,065	15.0%	\$ 1,558,059	39.4%	\$ 31,183	6.8%	\$ 1,824,307	30.5%
Higher .....	462	0.0	528,380	13.4	2,522	0.5	531,364	8.9
Human Services, Workforce Services, Health, Environmental Quality, and Corrections .....	1,015,199	64.7	668,148	16.9	103,722	22.6	1,787,069	29.9
Transportation and Public Safety .....	241,448	15.4	636,648	16.1	126,188	27.5	1,004,284	16.8
General Government .....	27,625	1.7	201,356	5.1	32,148	7.0	261,129	4.4
Debt Service .....	—	0.0	134,660	3.4	23,614	5.2	158,274	2.6
Capital Projects .....	—	0.0	138,267	3.5	53,552	11.7	191,819	3.2
Community and Economic Development .....	26,508	1.7	33,854	0.9	16,943	3.7	77,305	1.3
Natural Resources .....	19,014	1.2	32,788	0.8	45,784	10.0	97,586	1.6
Business, Labor, and Agriculture .....	4,121	0.3	19,713	0.5	22,721	5.0	46,555	0.8
<b>Total .....</b>	<b>1,569,442</b>	<b>100.0%</b>	<b>\$ 3,951,873</b>	<b>100.0%</b>	<b>\$ 458,377</b>	<b>100.0%</b>	<b>\$ 5,979,692</b>	<b>100.0%</b>
Other Federal Revenue for Loans and Nonexpended Programs .....	6,166							
<b>Total Federal Revenue .....</b>	<b>\$ 1,575,608</b>							

# STATE OF UTAH

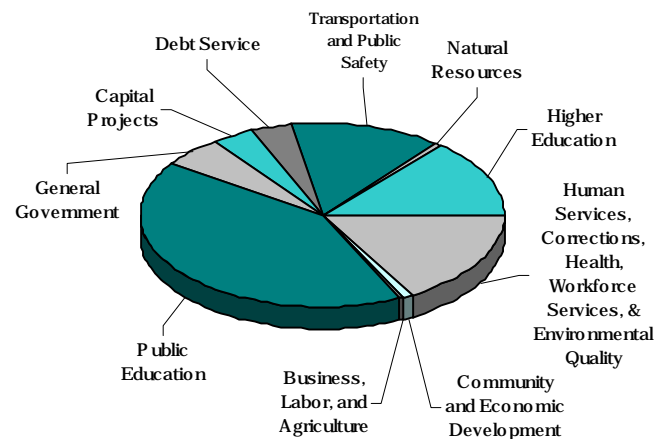
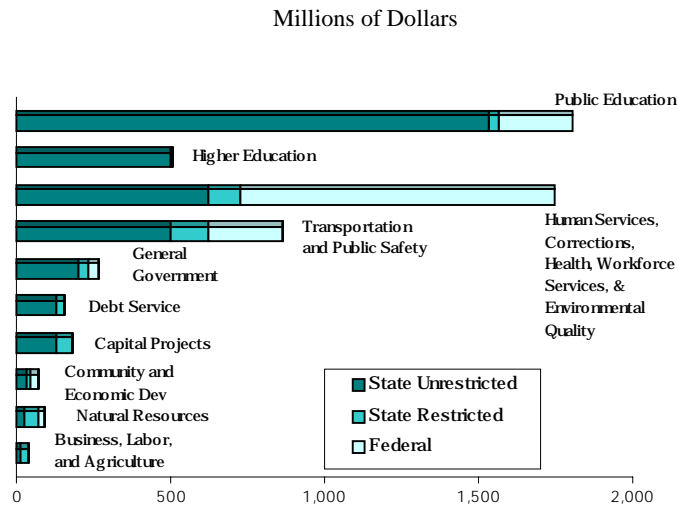
## FINANCIAL HIGHLIGHTS

### EXPENDITURES BY SOURCE

#### GOVERNMENTAL FUND TYPES ONLY

For the Fiscal Year Ended June 30, 1999

(Expressed in Thousands)



Expenditures of Unrestricted State Tax Sources

Expenditures By Source 1999

	Federal Sources	Percent of Total	Unrestricted State Tax Sources	Percent of Total	Restricted Fees and Other Sources	Percent of Total	Total Expenditures All Sources	Percent of Total
Education:								
Public .....	\$ 213,825	14.0%	\$ 1,533,645	41.3%	\$ 31,484	4.7%	\$ 1,778,954	30.1%
Higher .....	667	0.1	503,512	13.6	3,711	0.6	507,890	8.6
Human Services, Workforce Services, Health, Environmental Quality, and Corrections .....	987,811	64.8	622,886	16.8	97,453	14.6	1,708,150	29.0
Transportation and Public Safety .....	265,379	17.4	499,279	13.5	318,905	47.9	1,083,563	18.4
General Government .....	11,609	0.8	205,686	5.5	49,246	7.4	266,541	4.5
Debt Service .....	—	0.0	131,876	3.6	21,664	3.3	153,540	2.6
Capital Projects .....	—	0.0	131,501	3.5	58,995	8.9	190,496	3.2
Community and Economic Development .....	26,379	1.7	33,321	0.9	15,902	2.4	75,602	1.3
Natural Resources .....	15,485	1.0	30,209	0.8	45,100	6.8	90,794	1.5
Business, Labor, and Agriculture .....	3,759	0.2	17,925	0.5	22,790	3.4	44,474	0.8
Total .....	1,524,914	100.0%	\$ 3,709,840	100.0%	\$ 665,250	100.0%	\$ 5,900,004	100.0%
Other Federal Revenue for Loans and Nonexpended Programs .....	18,272							
Total Federal Revenue .....	\$ 1,543,186							

# State of Utah Organization Chart





STATE OF UTAH  
**Office of the State Auditor**

211 STATE CAPITOL  
SALT LAKE CITY, UTAH 84114  
(801) 538-1025  
FAX (801) 538-1383

**AUDIT DIRECTORS:**

Joe Christensen, CPA  
H. Dean Eborn, CPA  
Deborah A. Empey, CPA  
Stan Godfrey, CPA  
John C. Reidhead, CPA

**Auston G. Johnson, CPA**  
UTAH STATE AUDITOR

**INDEPENDENT STATE AUDITOR'S REPORT**

To the Members of the Legislature  
of the State of Utah and  
The Honorable Michael O. Leavitt  
Governor, State of Utah

We have audited the accompanying general-purpose financial statements of the State of Utah as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of Utah Public Employees Group Insurance, which represents 23 percent of the assets and 58 percent of the operating revenues of the internal service funds; the Utah State Retirement Office, which represents 80 percent of the assets of the trust and agency funds, 100 percent of the additions to net assets of the pension trust funds, and 15 percent of the revenues of the expendable trust funds; the Utah Housing Finance Agency and the Workers' Compensation Fund of Utah, which combined represent 98 percent of the assets and 95 percent of the operating revenues of the proprietary component unit funds; and Utah State University, Southern Utah University, Utah Valley State College, Dixie College, and the University of Utah's hospital, health network clinics, foundations, and institutes, which combined represent 32 percent of the assets and 46 percent of the revenues and other additions of the college and university component unit funds. Those financial statements were audited by other auditors whose reports have been furnished to us; and our opinion, insofar as it relates to the amounts included for those agencies, funds, and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Utah as of June 30, 2000, and the results of its operations, the cash flows of its proprietary fund types and nonexpendable trust fund, the changes in net assets of its pension trust funds and investment trust fund, and the changes in fund balances and current funds revenues, expenditures, and other changes of the college and university funds for the year then ended in conformity with generally accepted accounting principles.



To the Members of the Legislature  
of the State of Utah and  
The Honorable Michael O. Leavitt  
Governor, State of Utah  
Page Two

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the State of Utah taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Utah. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The statistical data listed in the table of contents were not audited by us and, accordingly, we express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2000, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Austin G. Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

UTAH STATE AUDITOR  
November 3, 2000